

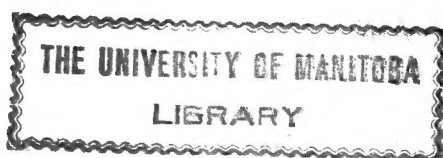
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The CASE *for* CANADIAN AGRICULTURE



**A Survey of World Agricultural Conditions,
A Review of the Empire Producers' Conference,
What Should Be Done in Canada.**

By J. T. HULL

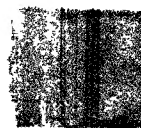


ACCESSION NUMBER

49080



Issued by the Canadian Chamber of Agriculture.
January, 1939.



THE CASE FOR CANADIAN AGRICULTURE

The Historical Background

IT is a commonly held opinion that the economic difficulties the world is facing today are simply the aftermath of the Great War accentuated in a substantial degree by the effects of the Great Crash, plus policies in certain countries which are restricting the volume of international trade. There is no reason for believing this to be a full explanation; it may just as plausibly be argued that what is happening today would have happened had there been no war; in fact, not a few people are convinced that the war itself was the product of causes which, interrupted for a time, have resumed their inevitable and inexorable pressure in changed political conditions.

Those causes grew out of the historical conditions in which the modern economic order developed. It is customary to speak of the Industrial Revolution, born in Great Britain in the eighteenth century and maturing in the nineteenth, as the beginning of this modern economic order, and although this is not strictly accurate, it gives a convenient starting point for an examination of the order. It is not possible in a limited space to look at the economic developments in the nineteenth century in any detail, but it is necessary for an understanding of the present to get the historical background and Great Britain furnishes the classic example.

Modern industrialism began in cramped circumstances; enterprise was hedged around with innumerable restraints, some customary, some legal, which had grown up in the course of centuries in conditions which had passed away, and which were an embarrassment to the emerging industrialism with respect to both internal and external commerce. The paramount need of the time seemed to be the freeing of industry from the weight of the dead hand—to give mobility to labor and capital, to remove obstacles to the most efficient development of private enterprise, to facilitate the production and the distribution of goods. "Natural liberty" in the economic sphere became the inspiring slogan; economists founded an economic philosophy upon it; politicians built policies upon it and those who conceived it to be their duty to train up the plain ordinary citizen in the way he should go, made it the centre of a social gospel of resignation to what was divinely ordained and patience with the miseries it produced.

Natural Liberty

What, in plain everyday language, was this "system of natural liberty"? It was one which, in effect, said to the aspiring business man:

Choose any enterprise you like. Produce what you like. Pay whatever wages you like to your employees, work them as many hours as you deem advisable and in such conditions as you think fit. Engage men, boys, women or children of tender age as you deem proper for your business. What you do with your own, what wages you pay, what conditions of labor you maintain, what prices you charge, and what profits you make are your own exclusive concern. You may buy from whom you like, sell to whom you like, and under any arrangements you find expedient. You may not operate by deliberate fraud or violence or other unlawful means and you must observe the contracts you voluntarily make. The government will not interfere so long as you keep within the law.

To the masses of the people it said:

All economic activity is governed by immutable and inexorable natural laws. The reward of labor is circumscribed by the cost of the subsistence of the

workers. Profits depend on the rate of wages: high wages mean low profits and low profits mean less employment. Dear food means high wages and low profit and business depression; cheap food means low wages, high profits and business prosperity. Interference on the part of the state to change this natural order of things will only create greater evil and any attempt on the part of the "under dog" to better himself by organization will only recoil on himself and make things worse. Life for the masses of men and women must inevitably be hard, miserable, painful; it is inherent in the nature of things.

Nothing could be done about it, the people who spoke like that said, and consequently it was better by far that the masses should not think too much about the conditions of their life, should not be able to read about it, should not be stirred into discontent by education or roused to active resentment by seditious agitators.

The Reign of Profit

With such a charter and with such support from philosophers, economists and politicians, the system made the most of its opportunities in the pursuit of profits. Says J. L. Hammond: "Everything turned to profit. The towns had their profitable dirt, their profitable smoke, their profitable slums, their profitable disorders, their profitable ignorance, their profitable despair." Except for that, the system worked! Great Britain, first in the game, became the world's workshop and mart. "Wherever the deductions of political economy lead," said Richard Cobden, "I am prepared to follow," and he proceeded to convert the people to the doctrine that the pursuit of profit was the supreme guarantee of the public weal, that unrestricted competition meant the optimum of material well-being and should reign unchallenged throughout the world.

He succeeded to the extent at least of securing cheap food and promoting industrialism at the expense of agriculture. But even as the profits soared there arose also a movement of protest, first against the inhuman conditions of labor and the callous disregard for human life, and later expanding into the whole sphere of social relations. At the same time other countries in the world, stimulated not only by British example, but by the investment of the surplus profits earned by British industries, were steadily producing for themselves what they had previously bought in Great Britain. The United States, flooding the old world with cheap wheat and meat and persistently pushing back her frontiers, brought into the sphere of profits her vast natural resources and, her pioneers exhausting the effective home market, went into the markets of the world and even competed with the British manufacturers in their home market. Germany, late but vigorous and armed with applied science, sought for "a place in the sun," while Japan, acquiring a veneer of Western civilization, prepared to take her place as a workshop and a power. Increased scientific knowledge, more efficient technology and business organization, and the accumulation of capital all tended to greater production and intensified competition. British industrial supremacy began to wane as the nations became more and more self-sufficient.

But alongside this economic development there went an expanding movement giving expression to the cry for social justice. Governments despite the economists began to interfere "on behalf of the weak against the strong, in the interests of labor against capital, of want and suffering against luxury and ease," as it was put in the celebrated Radical program sponsored by the first statesman of the Chamberlain family in 1885. At the beginning of the 20th century industrial civilization was faced with a dilemma: To continue the struggle of the rival industrial empires for world markets and world power with all its menace to world peace

or to concentrate upon the national realization of social ideals through collective action and adjust international relations in the light of these peaceful and progressive policies. The fateful decision was made in 1914 when Western civilization, ripe for war or a new economic order, chose or was forced by events into war.

THE PRESENT SITUATION

Forty years ago an eminent English chemist, Sir William Crookes, startled the members of the British Association for the Advancement of Science by including in a scientific address a prediction that the world was on the verge of an era of perpetual scarcity of wheat, unless the scientist came to the aid of agriculture and showed how to maintain the supply of nitrogen and increase the yield per acre. In his book "The Wheat Problem", Sir William Crookes presented the statistical proof that wheat lands were becoming exhausted and even as late as 1917 he maintained, after the most careful calculation, that the utmost extension possible of acreage under wheat would be just enough to supply the world with bread till the year 1931. Why, Sir William said, the maximum acreage possible in Canada during the next twenty-five years, that is, up to 1942, was only twelve million acres. Alas! for the fallibility of the most eminent of scientists. By 1922 the world was away beyond the acreage set by Sir William for 1940, and Canada was ten million acres ahead of his estimate for the same period. By 1931, said Sir William, the world would be facing a bread famine; in that year the world had a billion bushels of wheat on hand on the eve of a new harvest and wheat growers the world over were facing ruin because they had produced too much.

That was the prophecy of a physicist; at the same time an economist also assumed a prophetic role, after a survey of world agricultural conditions.

In the year 1913, a Russian economist, Professor Joseph M. Goldstein, was sent by the Russian ministry of agriculture, which was concerned about the inroads made by Canada and other countries into Russia's wheat markets, to visit Canada, the United States, Argentina and Australia, and report on wheat production and its prospects. He went back in 1914 and reported that a prolonged and severe agricultural crisis was inevitable. The war upset the prediction, but the crisis came in 1930 with the piling up of a tremendous wheat surplus. Professor Goldstein returned to the problem in 1935 and in his book "The Agricultural Crisis" he emphasized the tendency to over-production of wheat and insisted that although there may be breathing spells the agricultural crisis is a permanently impending danger and is the result of precisely the same conditions which since the end of the 18th century have made industrial crises inevitable.

The Flood of Wheat

And now what is the actual situation? A few key figures will suffice, beginning with this country. Just before the war the area under wheat in Canada was approximately 9,500,000 acres. During the war it went up to over 17,000,000 acres, and by 1932 it exceeded 27,000,000, by far the largest increase of any country in the world. It is still close to 26,000,000 acres.

Production, of course, increased correspondingly. In round figures our average production for the five years preceding the war was 167,000,000 bushels. In 1915 we had the record crop of 393,543,000 bushels. Now take the seventeen years since and including the crop of 1922. In sixteen of those years the production was over 200,000,000 bushels; in eleven over 300,000,000; in five over 400,000,000, and in one over 500,000,000 (566,726,000 in 1928). In the same period world

acreage, excluding Russia and China, went up from 234 million acres to 286 million, and world production from 3,204 million bushels to 4,397 million. In the same period the world stocks on hand at the end of each crop season, that is, July 31, went from an average of 600 million bushels for the period 1922-26 to 1,016 million bushels for the period 1932-36. But whereas the world total net imports for the five year period preceding the war were approximately 640 million bushels rising to 740 million for the period 1922-27 and 780.7 million for the period 1927-32, for the period 1932-37 they had fallen to 543.6 million bushels. In other words, the wheat importing countries today are taking on the average 100 million bushels per year less than they took in the years immediately preceding the war and 237 million less than they took in the five year period 1927-32. The year of greatest import was 1928-29 when imports totalled 883.7 million bushels of wheat—and the exporting countries thought it was going to last forever! That, in brief, is the vindication of Professor Goldstein's prophecy and the situation faced by Western Canada as a producer and exporter of wheat.

It is the popular idea that the condition just outlined with respect to wheat and the economic problems the world is facing today are solely the result of a temporary but stubborn dislocation in the economic system, the inevitable aftermath of the war coupled, of course, according to individual opinion, to wrong policies with respect to international trade, unsound monetary policies and, especially in connection with the Great Crash of 1930 and the ensuing depression, reckless financial speculation. It may be admitted that these helped, perhaps considerably, but many people now believe that, as Professor Goldstein urges with respect to agriculture, the economic world is enveloped in a continuing depression which began before the war and which will persist because it is inherent in the very nature of the prevailing economic system. The flaw in this system, these people say, is its inability to deal adequately with an economy of abundance by keeping purchasing power adequate for the flow of consumption goods and by the maintenance of a proper relation between the production of capital goods and consumption goods.

The Changing Order

On these questions there is a bewildering variety of opinion; what must be recognized for an understanding of the present situation is the perceptible alteration in the intellectual and the moral atmosphere throughout Western civilization and the change in opinion and political doctrine respecting the attitude of the governing authority toward the social conditions created by the economic system. In the presence of the economic instability, the masses of unemployed, the idle machinery, the demonstrated capacity to produce with the equally demonstrated incapacity to distribute, the prevalence of poverty in the midst of potential abundance, the manifestly unequal distribution of the national income, it was merely absurd to preach the old doctrine of individual initiative, self-reliance, inexorable natural laws and the beneficent effects of the pursuit of self-interest and profit. It was plain the cumulative effects of economic evolution had created in their total a situation which could only be dealt with by an agency which could control the whole, and which, to a far greater degree than was possible by any other agency would equalize the benefits of a progressive order among those handicapped by unequal means for attaining those benefits. To those orthodox economists who like Professor Walker claimed that economic laws "can no more be impugned than the sun in the heavens," the reformists replied in the words of Walter Bagehot: "The conclusions of political economy are only applicable to exceptional and artificial conditions of society," or to be more modern, those of Professor Lionel Robbins: "By itself economics affords no solution to any of the important problems of life."

Obviously if the economic system does not itself contain the mechanism for promoting social well-being as a whole and if the dominating demand of the time is for economic and social justice, the only alternative agency for securing it is the state.

The depression, with its terrific burden of misery upon those who had produced too much and those who were given no opportunity to produce at all, saw an extension of state control in agriculture and industry not equalled even by the organized activities of the war. The intervention on behalf of agriculture, which the dominating industrial countries had reduced to the cinderella of the economic order, was pronounced everywhere, and as the initial policy of protection against ruinous prices developed into that of self-sufficiency in the food supply and the deliberate effort to raise the economic status of agriculture to parity with the industrial and commercial orders, agriculture in many countries became practically a ward of the state.

State Planned Agriculture

In the so-called totalitarian states—Germany, Italy, Portugal, Russia—in which democratic ideas have been abandoned and the state assumes complete and direct control, the organization of agriculture forms an integral part of a general system of national economic planning; in other states where policies beginning as remedial measures have steadily developed towards permanent organization, and where methods of control along more or less democratic lines have been a central problem, the technique has taken the form either of organs of administration for carrying out a government policy or agencies vested with certain powers by legislation for the organization and control of marketing. These agencies again may be either special boards appointed for a specific purpose or existing agencies, such as marketing co-operatives, which are given powers of control in certain specified circumstances.

In the totalitarian states we may say without entering into details, that whether the control be exercised through collective farms as in Russia, or individually owned farms as in Germany, it is complete in the sense of organization in the service of the state and consequently involves guarantees for the economic well-being of those engaged in agriculture. Theoretically at least the farmer is protected against economic adversity. If he may not produce as he likes and dispose of what he produces according to his own sweet will, neither is he subject to the consequences of debt, market manipulation, ruinous prices and unfair economic discrimination. His duties are offset by his rights—if his liberty is restricted his economic security is expanded, or perhaps we had better say, is supposed to be expanded.

Democratic Experiments

Control in democratic countries has been a more or less dynamic process involving interesting experimentation, including direct state control and direction, price fixing, price guarantees, subsidies, administrative marketing agencies with statutory power, extra-governmental agencies exercising control through voluntary organizations or specially vested with control by statute, import quotas and regulations, and so on. Great Britain, classic land of the doctrine of the right of everyone to do as he likes with his own, furnishes an excellent example of the great change in the attitude of government toward social problems.

In the war period legislation was enacted in Great Britain setting a guaranteed price for wheat, control of hop production and minimum wages for agricultural laborers. The war was barely over, however, when the government recanted this fall from economic grace and the act was repealed in 1921. Two years later a special

committee reported that something ought to be done immediately for agriculture and it recommended that special attention be given to organized marketing. The Labor government responded in 1924 with the formation of the Co-operation and Markets Branch of the Department of Agriculture and the restoration of the minimum wage for agriculture. In 1925 the hop growers attempted to regulate marketing by voluntary organization but the experiment was a failure. Voluntary action, the hop growers said, was not enough. In 1931 the Agricultural Marketing Act was passed providing for compulsory marketing schemes under producer control and subject to a producer vote and the hop growers who knew the limitations of voluntary organization were the first to take advantage of it. The marketing of other commodities has been brought under the Act while subsidies for various agricultural products and control of agricultural imports have also become part of the national policy. In a radio broadcast in 1934 Rt. Hon. Walter Elliott, Minister of Agriculture said:

"With no violent change of policy as in the U.S.A. or violent revolution as in Germany or Russia, we have nevertheless got as far along the road as any of these three."

The National Farmers' Union, however, has never admitted that Great Britain has got as far along the road as it should, although the Livestock Industry Act of 1937 vests power in the Government to enforce quantitative regulations with respect to meat imports, and the British farmer today receives in subsidies, the equivalent of a guaranteed price on wheat, oats, barley, milk, sugar beets, hops and cattle. During the last seven years according to a speaker in the British House of Commons, thirty-three acts of Parliament have been passed in connection with agriculture.

The Dominions

Turning to the Dominions, Queensland furnishes the outstanding example of the extension of the principle of majority rule to economic organization.

As far back as 1920 the state government set up a Wheat Board which a year later was made subject to a vote of the producers and continued under a poll showing 88 per cent. of the wheat growers in favor of it. In 1922 two acts were passed which in 1926 were consolidated in The Primary Producers' Organization and Marketing Acts. This legislation provides for a comprehensive scheme of agricultural organization which includes: (1) Local Associations of Primary Producers; (2) Marketing Boards on a commodity basis; (3) A Central Council of Agriculture.

The local associations are intended to take an active interest in everything that pertains to the welfare of the rural community. Marketing boards are set up at the request of producers and if it be so requested are continued after a poll has been taken of producers and not less than two-thirds of the voters favor its continuance.

There are now sixteen of such marketing boards handling sixteen different commodities, which indicates very definitely that organized marketing controlled by the producers, works to the entire satisfaction of the Queensland farmer.

The Council of Agriculture is composed of one representative from each marketing board and is financed by levies on the commodities handled by the boards; its functions are to co-operate with the local producers' associations, to undertake research, encourage co-operative enterprises, and generally to work in the promotion of rural welfare.

Australia has experimented with other forms of organized marketing in wheat, dairy produce, fruit, meat and wine but has encountered a serious obstacle

to the development of state control in the decision of the Judicial Committee of the Privy Council in 1936, to the effect that the Commonwealth Government does not possess the power to regulate trade among the various states of the Commonwealth, and the rejection by the people of a proposed change in the constitution to give the Commonwealth Government that power.

In South Africa along with administrative boards for some commodities, legislative provision is made for giving complete control to a co-operative marketing organization where such organization already handles 75 per cent. of the volume of the commodity and its membership covers 75 per cent. of the producers. The tendency, however, is in the direction of marketing boards with power to control the commodity.

Canadian Legislation

The Canadian Wheat Pools were an example of a voluntary contract organization, like the fruit marketing co-operatives of California, standing midway between the compulsory systems of Queensland and Great Britain, and a simple co-operative system. The Wheat Board is an administrative body without compulsory powers, delivery to it being optional with the producers. In this country as in Australia marketing legislation involving compulsion has encountered legal difficulties of a constitutional character owing to the division of governing powers.

The Natural Products Marketing Act of 1934, under which a number of compulsory marketing schemes were set up principally in Ontario and British Columbia, was declared unconstitutional by the Judicial Committee of the Privy Council in 1937. However, both British Columbia and Ontario have passed marketing acts of their own, the act of the former being held constitutional by the Privy Council in July, 1938. In both provinces marketing schemes are in operation under the provincial acts, but the kind of legislation required to take care of goods exported from a province is still something of a legal problem, although it is not questioned that between them the federal parliament and the provincial legislatures possess all the powers that are necessary for the enactment of such legislation. The difficulty is one of form and that difficulty must be overcome if Canadian agriculture is to become as well organized as its competitors in the markets of the world.

United States

In the United States, hampered like Australia and Canada by division of governmental powers, the hardships of the slump in the 1920's and the hopelessness engendered by the bigger slump in the 30's gave Mr. Roosevelt and his colleagues the cue and the basis for an agricultural program to fit into the New Deal. In 1933 the Agricultural Adjustment Act embodied the recovery program for agriculture and in brief it provided for voluntary agreements between the farmers and the Administration set up under the Act for the adjustment of production to effective demand with compensatory benefit payments to the farmers the funds for which were to come from certain processing taxes. In addition the Farm Credit Administration was set up for the purpose of establishing permanently on a co-operative basis a completely co-ordinated system of agricultural credit, farmer owned and controlled.

In 1936 the Supreme Court declared the Agricultural Administration Act unconstitutional but the policies it embraced are being continued in the form of a soils conservation measure with benefit payments being made directly from the federal treasury.

"I advocate the continuous responsibility of government for human welfare," Mr. Roosevelt has said, while his colleague, Mr. H. Wallace, Minister of Agricul-

ture, is endeavoring to translate the ideal into terms of a balanced abundance and a remunerative agriculture.

Argentina

In Argentina the government instituted the unique system of securing funds for the aid of agriculture by controlling and making a profit on foreign exchange, that is, it taxed importers for the benefit of agriculture. The measures adopted for the aid of agriculture included along with control of the exchanges, devaluation of the national currency, thus maintaining values for exported goods; the setting of minimum prices for some products, including wheat; the establishment of administrative boards, such as the Grain Regulating Board, the National Meat Board, the Dairy Control Board, and others; the building of a system of grain elevators; aid and encouragement to producer co-operative enterprises.

In France the policy of the government has avowedly been interference on behalf of agriculture whenever interference was obviously necessary to prevent injustice or hardship. As the situation seemed to demand, the government has resorted to monopolistic control, price fixing, import restrictions, subsidies, the fostering of co-operative enterprises, agricultural credit and insurance systems and the extension of social insurance to agricultural workers.

The policy of France may be taken, in general, as typical of the policies of other European countries. Government intervention has taken the form which the particular conditions prevailing in each country made necessary for maintaining agricultural stability and well-being.

The Effect of Self-Sufficiency

These examples out of a great variety of policies, may serve to illustrate the various methods, governmental and extra-governmental, by which agriculture throughout the world is being organized to fit into changing conditions and given an improved status in the national economies. In every country touched by western civilization this organization of agriculture is going on—land reforms, security of tenure, controlled marketing, credit facilities, import regulation and quotas, price guarantees and so, each taking its place according to national needs, and national policies. This movement is, in the main, the product of the approach to national self-sufficiency which has curtailed world markets within the area of developed societies, although there are other factors which should not be overlooked. With respect to wheat this is the significance of these policies: In the five year period 1919-24 Germany imported 36.5 per cent. of her wheat requirements; in the period 1932-37 she imported 4.5 per cent. For France the figures are 11.7 per cent. down to 3.1 per cent.; for Italy 22.3 per cent. down to 6.6 per cent.; for Austria, Czechoslovakia and Switzerland combined 46.1 per cent. down to 27.7 per cent.; for Norway, Sweden and other three small countries combined, from 65.7 per cent. to 25 per cent.

It is futile to rail against what is the natural and inevitable result of the advance of civilization. No reasonable argument can be made against the adoption by any country of policies designed to develop to the fullest possible extent its economic potentialities and increase the material well-being of its people. It should be recognized, however, that there is a difference between a policy of economic efficiency and welfare, and one founded on fear or expansionist or insular ambitions. From the standpoint of welfare and the greatest enjoyment of the fruits of men's labor, no nation can be completely self-sufficient, nor can it share in or maintain vital, cultural and social influences without contact and intercourse with the outside world. Thus the problem we have to face in this respect, is how to maintain, by consent, trading and economic relations so as to bring the greatest benefits to all without injury to any. •

THE EMPIRE PRODUCERS' CONFERENCE

We have been accustomed to believe that there is almost an unlimited market for agricultural products in the United Kingdom, and the expansion of production within the Empire has proceeded under that belief. The Ottawa Agreements gave the Dominions a remarkable foothold in that market, the share of the Dominions, comparing 1936 with 1930, increasing as follows: Beef from 10 to 23 per cent.; lamb and mutton from 64 to 80 per cent.; butter from 45 to 53 per cent.; cheese from 87 to 90 per cent.; bacon from 5 to 54 per cent. The fierce competition from the Dominions incited the British farmers to vociferous protests; they frankly declared competition was competition, whether from the Dominions or foreign countries, and they strongly denounced the idea that there should be no limit to imports of agricultural products from the Dominions and colonies.

On July 6, 1936, Rt. Hon. Walter Elliott, then Minister of Agriculture, made the following statement in the British House of Commons:

"The government proposes to proceed on the basis of a regulated market with maximum supplies for the consumer consistent with a reasonable level of remuneration for the producer. It is the desire of the government that at the earliest possible date the responsibility for securing the stable market conditions should be assumed by producers in the various countries concerned and exercised in the light of full discussion of the problems. This discussion would be secured by the institution of an Empire Meat Council representative of the United Kingdom and other Empire countries concerned, and an International Meat Conference representative of the United Kingdom, other Empire countries, and the foreign countries supplying substantial quantities of meat for this market."

These remarks were made in connection with proposed legislation with respect to the livestock industry; their bearing on general policy will be apparent as we proceed.

In the meantime negotiations had been opened between farmers' organizations in Great Britain and the Dominions the result of which was the holding of an Empire Producers' Conference at Sydney, New South Wales, in March, 1938, attended by delegates from Great Britain, Canada, Australia, New Zealand and Rhodesia. An exceedingly frank and full discussion of the situation with respect to the marketing of Empire produced agricultural goods in the markets of the United Kingdom took place at this conference, the crucial issue being set forth by Sir Reginald Dorman-Smith, M.P.,* in a speech from which the following is extracted:

There has been some little misunderstanding as to what the example of the Empire Beef Council and the International Beef Conference really means. It is perfectly clear that our government is quite determined that some regulation of imports is going to come about. Make no mistake about that at all. Regulation of the flow of imports is going to come about. Just let me give a little evidence of this. . . . First of all, there is the white paper issued, which was headed "Dairy Produce; telegraphic correspondence between His Majesty's Government in the United Kingdom and His Majesty's Government of New Zealand regarding quantitative regulations."

Following is a telegram from our Secretary of State for Dominion Affairs to the Governor-General of New Zealand:

*It was announced on January 28, 1939, that Sir Reginald Dorman-Smith had been appointed Minister of Agriculture in the British Cabinet.

"We desire in the first place to make it clear that the policy adopted by His Majesty's Government in the United Kingdom is designed to promote the planned marketing of agricultural products in the interests of all concerned, and involves, where necessary, control of home production as well as of home marketing. Its object is by correlating supply with demand to raise the price of the commodities concerned, and to maintain it at a level at which it will once more become remunerative to all producers supplying the United Kingdom market."

Then there is the Livestock Industry Act. The definition of "Livestock" in this Act includes cattle, sheep or pigs. Here is what it says about the regulation of the importation of livestock, including sheep:

"Subject to the provisions of this section the Board of Trade may by order regulate the importation into the United Kingdom of any such livestock or meat as may be described in the order if it appears to the Board, having regard to the interests of all classes of persons concerned, whether producers or consumers, and to the commercial relations between the United Kingdom and other countries, that the making of the order is desirable in order to secure the stability of the market for livestock and meat in the United Kingdom."

That is a very recent Act and it gives power to the Board of Trade to regulate in the interests of the stability of the market the importation of livestock which includes sheep, cattle and pigs. . . .

There will be provision under the existing powers or amended powers to enable the government to impose quantitative regulation of the import of butter, cheese and other milk products in the event of the imports being such as to lead to the instability of the market for those products in the United Kingdom. . . .

So far as the government is concerned they have announced that it is their desire that producers themselves shall assume the responsibility of regulation.

The implications in the British agricultural policy took the conference by surprise, and at the outset there was not a little resentment at a policy which quite evidently meant the curtailment of exports from the Dominions. However, the differences were eventually ironed out and the decisions of the conference were embodied in the following major resolutions:

The Conference Resolutions

Commodity Councils.—1. That this conference accepts the Ottawa "order of preference," i.e., that the local producer is entitled to first place in his local market; other Empire producers second, and foreign producers third.

2. That this conference accepts the need for securing expansion of Dominion supplies of primary products to the United Kingdom market so far as is economically possible.

3. That this conference accepts the need for orderly marketing of Empire primary products in order to maintain continuity of supplies, and to prevent avoidable gluts and resultant instability of price levels and speculation.

4. Accordingly, this conference recommends that Empire producers' organizations shall co-operate to establish such Commodity Councils as may be deemed necessary, producer controlled and financed, the representation thereon being on the lines of the Empire Beef Council and International Beef Conference set up under the (United Kingdom) Livestock Industry Act, 1937, and the decisions of which to be effective shall be unanimous.

5. That it should be the duty of such councils, where established, to assist in, and advise their constituent organizations with reference to, such regulation of the flow of supplies of primary products to the United Kingdom market as may be deemed necessary for example to avert restrictive action under statute by the United Kingdom Government, it being understood that for purposes of the regulation of supplies full use shall be made of all existing producers' export organizations in the dominions.

6. That this conference recommends that each and every Commodity Council, as and when established, shall take all necessary steps to institute a continuing survey of conditions affecting available supplies and markets in imperial and foreign countries, and, in consultation with Empire Ministers, shall take the necessary action to secure the expansion of existing and the creation of new markets with the object of the absorption of Empire surpluses.

Increased International Trade.—That this conference of Empire producers is of the opinion that the paramount needs of our industries and the promotion of the peace of the world can best be served by a revival of international trade. To this end the conference requests the governments of the Empire to re-examine their tariff policies in foreign and imperial trade treaty commitments with a view to making such adjustments as may be necessary to achieve this objective and to promote corresponding action by foreign countries, without departing from the principle of imperial preference as already endorsed by this conference.

Compulsory Marketing Legislation.—That this conference affirms the principle which is involved in certain (marketing) control legislation in the United Kingdom and dominions which provides that producer-controlled organizations under government statute shall be enabled to enforce their decisions where necessary;

Therefore it is resolved that Empire governments be approached to pass enabling legislation (where not already in existence) providing for the setting up of marketing boards on the request and by the vote of the producers concerned, and financed and controlled by the producers, in order that orderly marketing through grower control may be practised, and the successful operation of the proposed Empire marketing councils thereby be promoted, by assisting in fitting supply to demand, controlling surpluses and maintaining reasonable prices to primary producers.

Rural Credits.—That this conference urges the setting up by Empire countries, where such is needed, of a system of rural credits designed to meet the needs of agriculture.

Empire Producers' Organization.—That this conference is of the opinion that it is desirable to set up an Empire Producers' Organization and to that end the Chairmen of the delegations here present act as a liaison committee. That the organizations represented at this conference, and the primary producers' organization in South Africa, be requested to consider (1) the establishment of a federating organization for the Empire, including the question of finance; (2) the need for a liaison body to link together the Empire Commodity Councils when established; (3) the convening of the second British Empire Producers' Conference in three years' time and that their decisions be communicated to Mr. M. P. Dunlop, as secretary to our Empire organization pro tem.

The import of these resolutions is this: The importation of agricultural products into the United Kingdom must be regulated; the regulation should be undertaken by organizations of producers in the exporting countries; the conditions of marketing should be laid down by Commodity Councils upon which the producer

organizations shall have representation; to facilitate the operation of the Commodity Councils legislation providing for the setting up of producer controlled marketing organizations should be passed in the respective Dominions.

Announcement of British Government

The Conference was held in March; on July 13, the following announcement on behalf of the British Government was made in the House of Commons by Rt. Hon. W. S. Morrison, Minister of Agriculture:

His Majesty's Government have noted with great interest and have given careful consideration to the resolutions which were unanimously adopted at the recent British Empire Producers' Conference held in Sydney, New South Wales, in connection with Australia's 150th anniversary celebrations. The conference was organized by associations of primary producers in various countries within the British Commonwealth of Nations and was attended by delegates from those bodies. While the conference was, therefore, in no sense an official gathering, His Majesty's Government are impressed by the evident desire of the spokesmen of the farmers' associations to play their part in the development of marketing organizations on a voluntary basis by the institution of commodity councils on the lines of the Empire Beef Council and the International Beef Conference, with a view to the better regulation of the flow of supplies of primary products to the United Kingdom market in the interests of producers and of consumers, and the development, where possible, of new markets for Empire surpluses of such produce. It is understood that the recommendations of the Sydney Conference are now engaging the attention of the farmers' organizations in Empire countries. The general bearing which these recommendations, if endorsed by farmers' organizations, will have on Empire agricultural policies and the question of their applicability in particular cases is no doubt also being carefully studied by His Majesty's Governments in the Dominions concerned. His Majesty's Government in the United Kingdom are in general agreement with the view expressed by the conference that orderly marketing of primary products is necessary in order to maintain continuity of supplies and to prevent instability of price levels and speculation. In cases where action is desirable to secure stable conditions in the United Kingdom market the Government would prefer that the responsibility for such action should be assumed by producers in the various countries concerned and exercised in the light of joint discussion of the problems involved. The Government, therefore, cordially welcome the proposal that Empire Producers' organizations should co-operate with one another and with corresponding bodies in other countries to establish such commodity councils as may be deemed necessary, producer-controlled and financed, the representation thereon being on the lines of the Empire Beef Council and International Beef Conference, and the decisions of which to be effective shall be unanimous.

Later in the debate, the Minister in reply to a direct question from a member said:

"The Hon. Member for Honiton (Mr. Drewe) asked for an elucidation of what I had said about the Empire Producers' Council. In the first place he asked me to elucidate my statement that the Government preferred that the responsibility for such action should be in the hands of the council. The meaning of that is explained in the first part of the paragraph, in which I stated that the Government are in general agreement with the view that

the orderly marketing of primary commodities is necessary and that we are prepared to use the method, when it can be achieved, of agreement by these commodity councils rather than to use the method of regulation ourselves. But his second point was as to whether we would take powers to deal with the matter ourselves, failing unanimity in the council. The answer is that in any appropriate commodity in which we had an interest as producers in this country if we do not already possess the powers we should ask the House for them, because we intend to proceed on the basis of the livestock precedent, which has been successful, and because in the Livestock Industry Act powers are taken by the Government for that purpose."

It is perfectly obvious from the evidence adduced above that British agricultural policy is being increasingly directed toward greater production at home and the regulation of competitive imports. In the debate of July 13, the government was criticized by the opposition parties not because it was going too far in the efforts to stimulate greater agricultural production but that it was not going far enough. Mr. Lloyd George claimed the country could produce twice as much as it was doing and he waxed eloquently contemptuous of the government's declared desire not to limit imports to such an extent as to injure exporting countries, in which he mentioned Canada. Nor is it to be assumed that a change in government would mean a change of policy which would bring relief to the exporting countries, for the only alternative to the present government is a Labor government, and Labor is definitely committed to the establishment of import boards.

The International Beef Conference is in operation and it allocates quotas of exports to beef exporting countries. So far its decisions have been unanimous and there has been no need to invoke the powers set out in the Livestock Industry Act of 1937. The extension of control to other meat products is only a question of time and the situation with respect to competition in dairy products also presages similar control of imports.

Anglo-Canadian Trade Treaty

Complete recognition of the agricultural policy of Great Britain is contained in the trade agreement between Canada and the United Kingdom, signed in Ottawa in February, 1937.

Article 5 of the agreement says:

"The Government of Canada, recognizing that it is the present policy of the United Kingdom to promote the orderly marketing of bacon and hams and of meat in the United Kingdom with due regard to the normal development of trade, declare their willingness so far as their power extends to continue to assist the Government of the United Kingdom in carrying out this policy and, in particular, to furnish from time to time estimates of forthcoming shipments of bacon and hams and cattle and beef."

Regulations with regard to bacon and hams follow.

With respect to cattle and beef it is provided that the Government of the United Kingdom,

"if so requested, will make themselves responsible for Canadian interests in any international conference that may be set up to arrange for regulating supplies imported into the United Kingdom and will use their best endeavors to ensure that Canada secures an equitable share in the trade in cattle and beef."

With respect to eggs, poultry, butter, cheese and other milk products,

"the Government of the United Kingdom reserve to themselves the right, if they consider it necessary in the interests of the United Kingdom producer to do so, to review at any time the basis of preference so far as relates to the Canadian Government either to impose a preferential duty on Canadian

produce whilst maintaining preferential margins, or in consultation with the Canadian Government to bring such produce within any system which may be put into operation for the quantitative regulation of supplies from all sources in the United Kingdom market."

Anglo-American Trade Treaty

British policy with respect to agriculture is also recognized in the recently concluded trade agreement between the United States and the United Kingdom which provides in Article 15 that as a general rule no restriction shall be imposed by either contracting party upon the importation of the goods specified in the treaty, but that this provision

"shall not apply to quantitative regulations, in whatever form, which may hereafter be imposed by either High Contracting Party on the importation or sale of any article the growth, produce or manufacture of the territories of the other, in conjunction with governmental measures or measures under governmental authority—

- (a) operating to regulate or control the production, market supply, quality or price of the like article of domestic growth, production or manufacture; or,
- (b) operating to increase the labor costs of production of the like article of domestic growth, production or manufacture."

It is further provided that if either the United States or the United Kingdom proposes to impose quantitative regulations it should be subject to consultation with respect to purpose and effect, and that if agreement cannot be reached the treaty may be terminated by either party on giving due notice.

In the agreement the United Kingdom specifically reserves the right to regulate the quantity of imports of pork and in an exchange of notes both countries agree upon forms of quantitative regulations with respect to fruit and beef imports into the United Kingdom.

The value of the Empire Producers' Conference consists essentially in its acceptance of a marketing policy fitting into the policy laid down by the British government and included in these trade agreements. The provisions of these agreements quoted above constitute a new departure in reciprocal trade conditions in that they are avowedly designed to promote orderly marketing, to prevent dumping and the glutting of markets, and to ensure stability in prices for the sake of both home and foreign producers. If this new departure can be backed by producer organization in the exporting countries, as proposed by the Empire Producers' Conference, it will constitute a triumph for the application of the democratic principle of consent and co-operation in international trading relations.

Agriculture and the National Income

Marketing alone, however, no matter how well organized will not adequately meet the problems of Canadian agriculture. We are in the presence of a new social and economic movement one of the objectives of which is to raise the economic status of agriculture and secure for it a larger share of the national income.

What is the national income? It is the sum total of the shares which are allocated to the various factors of production—wages, salaries, interest and profits. The farmer, for example, in the business of producing grain, livestock, dairying products and so on incurs certain expenses—the wear and tear on machinery, power and labor, taxes, the living expenses of himself and family. These costs are shares in the price of the product, distributed before the price is realized. This is true of all the costs in the processes of production with one exception—profits. Profits are what is left of the price after all costs are paid.

The productive process, therefore, is the generator of incomes. Costs of production represent the release of purchasing power in the process of creating the things whereby we live; costs of living represent the release of purchasing power that we may live, and it is palpably obvious that all that is available for the cost of living is what is released in the costs of production. No other purchasing power is available; profits represent only an advantage secured by one section of the economic order at the expense of another section. It is mathematically impossible to sell all production at a profit.

It is therefore evident that to society as a whole the costs which enter into price are much more important than the residue of the price which constitutes profit, and it is also apparent that these costs, turned into income and purchasing power, constitute the potential standard of living for the people. Yet strange to say, it is the object of all business to keep down costs and keep up profits!

The farmer's income is derived from prices which normally embody the costs he has released as income to others. But those costs also represent the prices which the farmer has to pay and if those prices are maintained at a higher comparative level than the price received by the farmer the equilibrium between purchasing power as costs of production and cost of living is disturbed to the disadvantage of the farmer.

That is precisely the condition which confronts Canadian Agriculture. The organization of trade, industry and finance keeps agriculture in an inferior economic condition by creating a disparity between the prices it pays out and the prices it receives, that is, between the purchasing power it releases into society and the purchasing power it receives from society. In other words agriculture does not receive its fair share of the national income. The larger problem of Canada, therefore, consists of devising ways and means of increasing agriculture's share of the national income.

WHAT MUST WE DO?

The foregoing brief outline of the actual situation in which Canadian agriculture is placed, indicates the urgent need of a national policy which shall take cognizance of both domestic and international problems: We must consider what ought to be attempted to give stability and security to farm life, establish greater parity as between agriculture and the other forms of national economic enterprise, and stimulate a greater volume of international trading.

First of all it is necessary to realise that there is a great inequality in standards of living in world agriculture. The farmers of Great Britain, the Dominions and the United States have built up and are accustomed to a higher standard than that of other agricultural countries. Are those standards too high? Some people, even in Canada, assert that they are and that it is economically impossible for agriculture to maintain as high a standard as that of urban people. That view must be emphatically rejected. Once again it has to be repeated with Professor Lionel Robbins, who is no heretic in economic science: "By itself economics affords no solution to any of the important problems of life." Economics says the farmer is only entitled to what he can get and what he manages to get is all that he is entitled to; the social and ethical idealism which is the distinguishing feature of modern civilization, says that everyone who is doing socially necessary and useful work is entitled to a remuneration interpreted in terms of well-being. Agriculture, therefore, has to be brought within the scope of the modern extensions of government activity which are expressed in social legislation. What form should that government activity take?

The Organization of Marketing

The adequate organization of the marketing of agricultural products is a prime necessity in the modern world, and in Canada (because it would be impossible to demarcate between produce for home consumption and export) the organization must be comprehensive enough to cover the whole marketing process with respect to the particular commodity. To preserve the democratic principle the framework for commodity marketing organizations should be set up by the appropriate authority (the provincial or dominion government) and the producers should build within it and keep control in their own hands.

The Natural Products Marketing Act (1934) provided for organizations of that kind, with the producers voting on the acceptance or rejection of any plan for any commodity under the terms of the Act. Marketing organizations have been set up in British Columbia and Ontario under similar legislation passed by the respective provincial legislatures. The Queensland marketing boards are set up in that way, the producers of a given commodity taking the initiative for organizing as provided for in the special legislation. Marketing organizations are set up in the same way in Great Britain.

It must be emphasized that marketing boards established under this kind of legislation come into existence only on the initiative of the producers and after the producers have agreed to the setting up of a board by a substantial majority vote. There is no compulsion by government in the sense of an arbitrary imposition of the boards; there is no more compulsion than is involved in any legislation or any administrative act based on a majority vote, and less than in the effects of a majority vote in the ordinary affairs of civil life.

The process is democratic. The farmers of Canada do not want governmental regimentation as in totalitarian states; they want, for the benefit of the producers as a whole, organizations approved of by the producers and operating under their own control, in which the producers accept their due share of responsibility for their proper functioning, and in which the part of the government is simply to provide the machinery of construction.

In the case of such a heavily exported commodity as wheat and in such special circumstances as exist at present, a straight governmental administrative board, like the Wheat Board, becomes necessary, adequately to meet the situation. The decline in wheat prices has taken the problem beyond the mere question of marketing and into the realm of welfare and while guarantees of prices or other forms of subsidies can be and are being made effective through marketing agencies set up by producers under legislation and which control the commodity, it would have taken considerable time to get such an organization established, and time was a vital element in the wheat situation. There are other considerations, into which it is not necessary to enter at this time, which make an institution like the Wheat Board, in certain circumstances, more expedient than other methods for the marketing of wheat.

Central Surplus Selling Agency

As a means of facilitating the operation of marketing boards, consideration might be given to the establishment of a central sales agency to take over all agricultural products of which the exportable surplus is much less than the average domestic consumption, and dispose of them through export channels. Such an agency would operate to relieve the home market and because of the variety of commodities handled it might be able to create better opportunities for their disposal. It could be financed by a levy on the corresponding goods marketed domes-

tically by the appropriate marketing organization, which of course would necessarily have control of the home marketing, otherwise it would be an exceedingly difficult matter to impose and collect the levy.

International Trading

The agricultural produce of Canada flows to the sea; we must export or dwindle to nothing—and with the policies of our customers being directed to the promotion of home production with accompanying measures which mean a persistent curtailment of imports, it is obvious we must adjust our national policy and our agricultural practice to these conditions.

It is important that we realize what is taking place in the sphere of international trade. Increased state control, the desperate urge to an impossible self-sufficiency, the revived imperialism with its drive for power and expansion, the unequal distribution of gold, and the ingenious device of clearing and compensation agreements (so useful for strong industrial states and so harassing for weak agricultural states), are all factors in the process which has reduced international trading to one-half of what it was a few short years ago.

We cannot compel other people to buy our products, neither can we sell continuously without buying. We can, however, induce other people to buy from us by making it equally easy for them to sell to us—in other words, by going as far as ever we can with the principle of co-operation. We should avoid creating resentment by dumping our agricultural goods; it will only recoil upon ourselves if we refuse to accommodate our policies to the measures importing countries maintain for the benefit of their own agriculture.

As part of this policy there should be mutual understanding and co-operation among the great exporting countries. That is a feature of the decisions of the Empire Producers' Conference and it should be extended to take in the great wheat exporting countries. If the producers in exporting countries can organize to control the flow of wheat to importing countries under mutually accepted conditions, it would obviate action on the part of importing countries for the imposition of restriction on imports. The extension of the principle to other agricultural commodities would mean world trading by consent and co-operation, certainly one of the most urgently needed of the many things the world needs for peace, security and goodwill. It would be an excellent thing if the farmers of the world were to set an example in the substitution of co-operation for competition in international commerce.

Agreeing to buy where we sell when economic circumstances compel the buying state to press those conditions; to share, by agreement, the available markets with other agricultural exporting countries; to regulate the flow into export channels and on to the markets of our customers; to eliminate cut-throat competition, dumping and all unfair business practices; to create confidence, goodwill, mutual benefit—these are the indispensable conditions for the restoration of our world trade, and they should be pressed by the farmers as the basis of a Canadian trade policy.

Monetary Policy

Monetary policy should be made an integral part of Canada's international trading policy, and exchange continuously adjusted so as to preserve stability of relative values as between Canadian money and the money of our principal customer, Great Britain. The burden of the depression upon Canadian agriculture, and especially western agriculture, was enormously increased by the policy adhered to

in Canada, by which the Canadian dollar was heavily appreciated in relation to the pound sterling, with disastrous consequences to the prices received for Canadian agricultural products marketed in Great Britain. What this policy meant to agriculture has been elucidated by various authorities and its results have been powerfully exposed by the representations of the Government of Manitoba to the Rowell Commission.

There should be no repetition of the slavish stand by a superstitious monetary theory which created such havoc in Canadian agriculture. A sound monetary policy is one which promotes the economic well-being of the Canadian people. It is a matter of sound judgment more than anything else, and it should be evolved in the light of the particular situation and the economic needs of the nation.

Price Guarantees

For many years it has been impressed upon Canadian farmers that when their produce flows into export channels the price received for the exportable surplus determines the price for the whole. It is impossible to segregate that part of the produce which must be exported from that required for domestic consumption, therefore, there can be only one price for the whole. For the major production of Canada export is imperative; when, therefore, the export price falls to ruinously low levels the income of the farmer from the total production falls accordingly, because the farmer, unlike the manufacturer, cannot immediately reduce his output and limit supply so as to maintain prices. Indeed the farmers cannot, without stopping a tremendous amount of production altogether and going on relief, reduce their production to the effective domestic demand as the manufacturers can because of their smaller number and the control they can immediately exercise in making adjustments to any situation.

In such circumstances the government may reasonably be expected to support agriculture by a guarantee of prices such as the guarantee at present in force with respect to wheat. Such guarantees cannot in any sense of fairness and equity be denounced as special privilege, particularly in a country in which for about seventy years agriculture has been taxed through a system of tariff protection to guarantee prices to manufacturing interests. If it cost the country \$50,000,000 a year for ten years to subsidise agriculture, the total amount so spent would still fall far short of the total amount which farmers have paid in enhanced prices for manufactured goods because of the protective tariff.

Guaranteed prices to actual working producers may, indeed, be put in the same category as minimum wages; they represent the use of the power of the state to compel a more equitable distribution of the national income and thus increase the sum total of national well-being. In this changed and changing world the exercise of the power of the state to promote greater social well-being is no longer challenged and consequently the guarantee of price, the source of income to farmers, may be justified on the same grounds as any other form of social protection. When action in this respect should be taken will depend upon the answer to a single question: Does the necessity in a social sense, exist? There can be no answer except an affirmative one when prices sink so low as to threaten not only the well-being of the farmers, but the basis of the entire national economic structure.

A national agricultural policy should therefore include a guarantee of prices whenever owing to the pressure of an exportable surplus in conditions of a depressed world market, the price of any major agricultural commodity falls below a price which according to a reasonable estimate is not remunerative to the producer.

Agricultural Credit

The history of agriculture in its financial aspect is a terrible record. Over and over again it has been completely smothered in debt and our Farmers' Creditors Arrangement Act is merely the last of such legislation extending over a period as long as recorded history. The oldest known code of laws in the world, dating back four thousand years, provides that when a farmer owes a debt and his crop has been destroyed by natural causes, the debt for that year shall be suspended and the interest on it cancelled. We may hope some day to get such sensible legislation.

The excuse for charging high rates of interest on agricultural loans is that the risk is greater, but there is no evidence that on the whole the loss on agricultural loans has been proportionately greater than on other kinds of loans. Yet the ordinary rates of interest charged agriculture are in effect discriminatory and except in highly prosperous conditions are not within its capacity to pay without encroaching upon the farmer's standard of living.

In many countries today agricultural credit has been undertaken by the government either directly or through agricultural credit organizations and the rate of interest on agricultural loans is more or less determined by the rate at which the governments borrow. This is another field in which the farmers themselves should assume a substantial degree of responsibility and organize for the express purpose of creating local responsibility in connection with credit facilities. These facilities should be provided by the federal government and they should cover the necessities of productive agriculture and certain requirements of agricultural marketing and co-operative associations at interest rates well within the capacity of agriculture and its economic institutions to pay.

Crop Insurance

Crop insurance as a palliative of the insecurity which inevitably attends the business of agriculture owing to natural hazards, should be receiving far more attention than it is from both farmers and government. If ever the uncertainty of the income from labor on the land is to be brought within some kind of social discipline, the farmers must take a hand in the matter and assume their share of the responsibilities and obligations involved in the creation and operation of the machinery.

Canada, undoubtedly, is going to continue with social legislation intended to reduce insecurity among Canadian industrial workers, and agriculture must insist upon equal consideration and the application of the same principles of legislation to reduce insecurity in the business of farming. Crop insurance is agriculture's equivalent for unemployment insurance, just as guaranteed prices are its equivalent for minimum wages. The plan at present being worked out in the United States, in which premiums and benefits are paid in wheat, seems to combine the advantages of taking wheat off a glutted market and meeting adversity at the lowest possible cost. Crop insurance must come and if it can be worked out in terms of wheat or other unperishable commodity that nobody wants, this is certainly a most appropriate time for looking into it.

Co-operation

Within the last five or six years, owing mainly to generous active support of the federal government, agricultural co-operation has developed apace in the United States. This is a movement which no government should hesitate to support. Years before the war the Canadian House of Commons passed a bill deal-

ing with co-operative associations but despite support from high and influential quarters the bill was killed in the Senate at the instigation of private trading interests, and Ottawa has given no thought to the subject since. It is otherwise in other countries; the organization of co-operative associations for marketing and purchasing among farmers has the strong sympathetic support of the governments of practically every advanced country in the world.

There is reason for this, for it can be said of co-operative enterprises as of no other, that no matter what form the political organization of a country may take, provided it be not wholly regressive, co-operative activities, because they are the product of the natural impulse toward voluntary association for mutual benefit, will fit into it. From the standpoint of democracy co-operative enterprises will always be right, that is, they can never conflict with a democratic constitution, provided they are organized in accordance with the principles of the co-operative movement which is itself a product of the larger democratic movement.

A co-operative marketing organization could become a part of a comprehensive marketing organization established under legislation as previously described, giving to its own members a service outside that of the larger organization but not incompatible with its operations.

The governments of Canada, both federal and provincial, should therefore give the fullest encouragement and aid to the development of agricultural co-operation in any form designed to better the conditions of rural life.

Conclusion

In summing up the results of an independent inquiry into the present position of agriculture in Great Britain, published under the title "The Agricultural Dilemma," the committee of inquiry says:

"It is inevitable that the conclusions reached should seem disappointing and depressing to those who cherish visions of a regeneration of the national life by land settlement and indeed to many others who indulge more modest hopes."

The same result would undoubtedly attend a similar inquiry with the world as its field. The whole outlook is far from bright and as yet there is little to give substance to the hope that the abundance which man by his conquest of the forces of nature can command, will be permitted to flood the world with prosperity, health and well-being. One thing is certain: no nation can live unto itself alone, for apart from man's social and psychological needs for intercourse and association, the distribution of raw materials throughout the world makes it economically impossible. Some economic intercourse among the nations there must be if well-being within western civilization is not only to be preserved but continuously expanded.

It has to be admitted that totalitarian states cannot enter into a free world economy and remain totalitarian. Neither can those states which, like Great Britain, have adopted collective policies with respect to the marketing of agricultural products permit unrestricted competition in their home markets, and collective policies of one kind or another with respect to agriculture exist in practically all democratic countries. Moreover these policies today represent not arbitrary government intervention but the demands of societies fearful on the one hand of an inadequate food supply, and anxious on the other hand to raise the economic status of the nation's agriculture.

In these circumstances it is imperative that Canadian agriculture be organized to meet the organized agriculture of other countries and to deal effectively

with the problems which arise in both importing and exporting countries with respect to the trade in agricultural goods. In addition it is also necessary that policies be evolved, as in other countries, representing deliberate efforts to improve the status of agriculture by specific state action.

It remains to add that the farmers of Canada, even though their mood be one of depression, should not adopt the attitude of expecting economic well-being to be handed to them on a silver plate by some accommodating government anxious to secure their votes. The proper organization of agriculture, as outlined in these pages, demands collective action on the part of the farmers themselves and the assumption of definite responsibilities with respect to the aims and purposes of the organization.

The farmers of Canada must arouse themselves to the task of creating for themselves, with some government assistance, that better Next Year which for so long has been almost the sole basis of their hopes.

